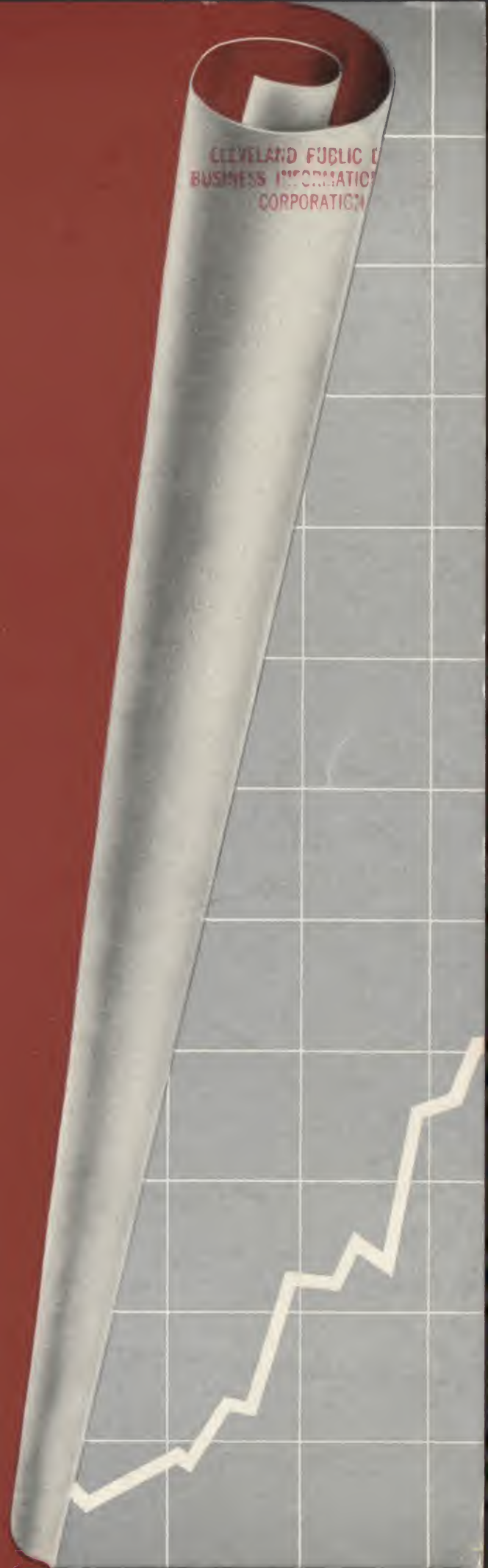
25th Anniversary ANNUAL REPORT 1949

GENERAL SHOE Corporation



CLEVELAND PUBLIC L
BUSINESS INFORMATIO
CORPORATION

James Franklin Jarman

Christian industrialist, founder of our company and a friend of all its people.

To the founder of our company . . . To the men and women who have risked their money and staked their futures with our company . . .

And to God from whom all our blessings flow . . . we give sincere and reverent thanks for these twenty-five years of hard work, useful service and prosperity.

1924 1949

GENERAL SHOE CORPORATION

First Quarter Century of Progress

Annual Report • 1949

GENERAL SHOE CORPORATION

Financial

Financial highlights from the operations during our fiscal year ended October 31, 1949, are summarized as follows, with a comparison for the previous year:

	1949	1948
Total Sales Volume	$96,066,589	$99,580,268
Inter-Branch Sales	18,372,427	20,897,705
Sales to Customers	77,694,162	78,682,563
Net Earnings	2,416,379	2,639,762
Earnings per Share	3.14	3.45
Common Dividends	2.50	2.50

Net sales to customers in pairs were 6% larger than last year.

Our balance sheet continues to reflect the standards that we have set for ourselves for proper operation. Cash of $4,656,420 is in excess of current liabilities of $2,694, 871. Current assets at the end of the year total $25,413,805, and after deducting current liabilities working capital is shown to be $22,718,934. Net worth of our Company is $20,155,-651 or $21.27 per share of common stock as of October 31, 1949.

Inventories are valued on the basis of cost or market, whichever is lower. In addition to the year end inventory, we take a physical inventory of all raw materials and finished goods once each month for purposes of close control.

Accounts receivable, slightly larger than last year, reflect the larger volume of business done during the latter part of the fiscal year and also the return to more normal business conditions. Bad debt losses have been practically nil and the percentage of past due accounts is quite low.

Plant Expansion

We are now having constructed at Camden, Tennessee, an additional plant for the manufacture of children's shoes. Also, in Nashville we are opening an additional plant for the manufacture of women's shoes. At Danville, Kentucky, where we have operated a cutting and fitting room, we are converting this to a manufacturing plant producing women's shoes from start to finish.

Our Management Engineering Division has undertaken a job of setting up a modern shoe manufacturing plant in Jerusalem, Israel, and training an organization to operate it. This new enterprise is being financed in the main by a small group of interested individuals in this country and in Israel. As a consideration for its services, our company will have a part ownership in the business.

Product Distribution

During the past year we had a net increase of 18 retail stores, which gives us a total now of 116. The financial reports of the retail division are consolidated with the other reports. The retail division, however, under the name General Retail Corporation, functions and operates as a separate business. During the past year, due to the increasing size of their operation, General Retail has moved into new office headquarters in Nashville.

A significant development in the business during the past year has been the establishment of a separate staff of people to assist and encourage the development of shoe stores that will concentrate all their requirements on products manufactured by our Company. This is known as the Friendly Store Plan, and gives to an independent retailer many of the services that chain retail stores have been able to furnish to their branches.

Most of these Friendly Plan stores represent merchants already in business who have decided to concentrate on products manufactured by our Company. In addition, however, a number of new stores are being opened by individuals to participate in the services of the Friendly Store Plan. These are all independent merchants serving their own communities. Some of these independent merchants need some financial assistance at the beginning, and because they are concentrating on our products we are in a position to know exactly what they are doing and what they need.

To assist in the financing of these new independent stores when they are started, a new corporation was formed on August 16, 1949, under the name of General Shoe Acceptance Corporation. The outstanding capital stock of $50,000 is owned by General Shoe Corporation, but as this is a financing business, entirely different from our other business, the report of this new corporation is not consolidated with the reports of General Shoe Corporation and is shown as an investment on our balance sheet. Transactions of General Shoe Acceptance Corporation during the past year have been of no material consequence.

A new sales division to be known as Family Shoe Supply Company is being established to serve merchants in smaller towns and in suburban areas of some of the larger cities. In many cases it has not been practical to serve some of these merchants in a proper way with our specialty lines. This new division will concentrate more in the lower price field.

During the past year one of our lines, Fortunet casual shoes for women, was selected by the Fashion Academy of New York as outstanding in design and was awarded a gold medal. This is the first time the Fashion Academy has ever selected any shoe line for an award. We have just been advised that we have been awarded this gold medal for the second year. Our Jarman line has also been selected for membership in the Men's Fashion Guild, an organization of prominent manufacturers and retailers throughout the country. There are no other shoe lines in the Men's Fashion Guild.

Employee Relations

Our relations with our employees have continued on a very good basis. We are proud of the splendid job they have done in further improvement of workmanship and in maintaining the standards of quality, which we consider the first essential of a successful, continuing operation. Our production per man hour has continued to increase and is at a higher rate now than at any previous time in our history. That has made it possible for our workers to have an excellent hourly earnings rate as compared with others in the shoe industry. We have supported the 75c minimum wage, and have so expressed ourselves to a number of members of Congress during the year.

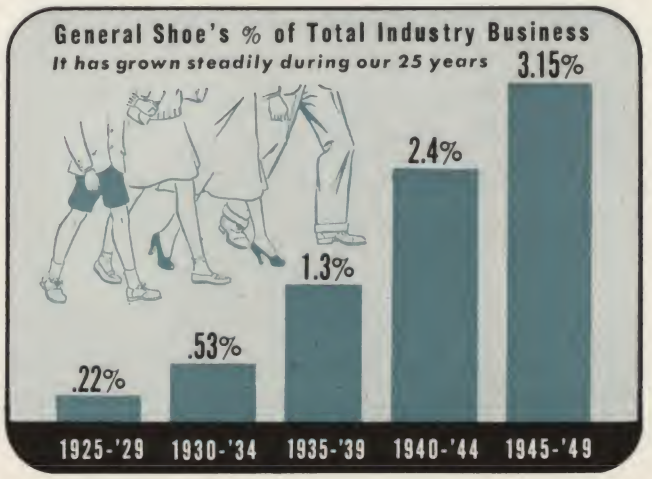
For several years we have had a retirement program that covers all of our employees. The Company pays the entire cost of this program. This will mean, for any man on a major job in any of our plants, having 30 to 35 years of service, a retirement income of $100 per month or more, under normal conditions, including the amount received from Social Security. Longer service means an increasing amount of retirement income. Retirement age is 65.

All of our employees are also covered with a hospitalization program in which the employee pays part and the Company pays part. All employees are covered by group life insurance contracts of $2000 or more. An employee association provides for weekly benefits during sickness.

Markets

The average price of our products has been about 7 per cent lower than during the previous year. Part of this is due to a slightly lower cost of materials and part of it to a slightly increased demand for the lower priced lines of shoes. Conditions in raw materials markets, and observations of inventory conditions throughout the industry, lead us to believe that price trends will be fairly strong during the next few months.

The industry continues to use a considerable quantity of rubber and nuclear soling materials, and it is only because of the use of these materials throughout the industry that it has been possible to keep prices on a reasonable basis and to have sufficient hides to produce the quantity of shoes demanded in this country. Leather is still preferred by most of our customers, although rubber and nuclear soles in general will give considerably more wearing quality to the shoes.



Organization

Three new directors were elected to our board at the last annual meeting: J. R. McCollum, Bernard E. Reed, and W. Anderson Spickard. These new directors, as well as all of our other directors, are active in the management of the business.

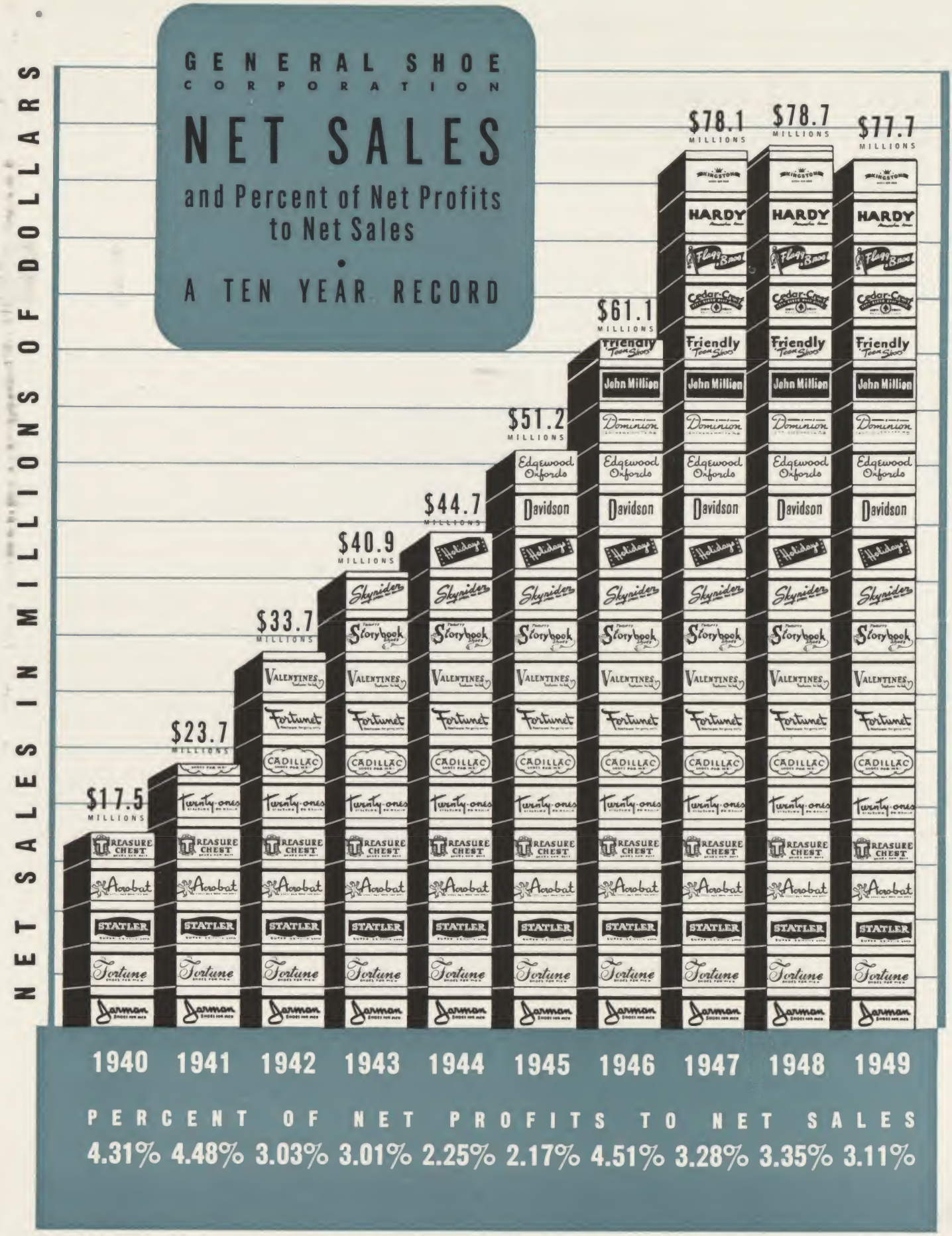
We continue to strengthen our organization by the addition of carefully selected young men who are brought into the management end of the business after a period of thorough training and observation in various divisions of the business. Our management organization has shown unusual ability and a splendid spirit in developing the advancing program on which we are now working.

Chairman

President

FOR THE BOARD OF DIRECTORS

NOVEMBER 24, 1949


GENERAL SHOE CORPORATION
NET SALES
and Percent of Net Profits to Net Sales
A TEN YEAR RECORD
NET SALES IN MILLIONS OF DOLLARS
$17.5 MILLIONS
$23.7 MILLIONS
$33.7 MILLIONS
$40.9 MILLIONS
$44.7 MILLIONS
$51.2 MILLIONS
$61.1 MILLIONS
$78.1 MILLIONS
$78.7 MILLIONS
$77.7 MILLIONS
1940 1941 1942 1943 1944 1945 1946 1947 1948 1949
PERCENT OF NET PROFITS TO NET SALES
4.31% 4.48% 3.03% 3.01% 2.25% 2.17% 4.51% 3.28% 3.35% 3.11%

BALANCE SHEET • STATEMENT of PROFIT

GENERAL SHOE CORPORATION

CONSOLIDATED BALANCE SHEET As of October 31, 1949 and 1948

Assets	October 31 1949	1948
Current Assets:		
Cash in banks and on hand	$4,656,420	4,202,407
Accounts receivable—trade, less provision for discount and losses on collection, $482,927 and $448,736, 1949 and 1948 respectively	6,958,402	5,165,817
Accounts receivable—miscellaneous	197,022	255,634
Advances on open contracts	393,984	344,545
Inventories:		
Finished products—at approximate cost	6,236,050	7,717,872
Work in process—at approximate cost	638,517	796,851
Raw materials and special merchandise—at lower of cost or market	6,333,410	6,097,344
	25,413,805	24,580,470
Investments in capital stocks of foreign and domestic subsidiaries not consolidated, and securities of other companies—at cost, less reserve	280,082	285,081
Officers' and employees' stock purchase accounts	950,729	924,502
Land	71,342	68,462
Plant, equipment, and improvements to leased property—at cost	5,750,388	4,904,168
Less—depreciation and amortization to date	1,924,414	1,473,025
	3,825,974	3,431,143
Goodwill, patents, and trade marks	1	1
	$30,541,933	29,289,659

Liabilities		
Current Liabilities:		
Accounts payable—trade creditors	388,528	569,247
Accounts payable—miscellaneous, including installment, $27,952, as of October 31, 1948 on funded indebtedness due March 1, 1949	42,592	77,454
Due to officers and employees	75,198	68,322
Amounts payable for taxes, etc., withheld from employees	26,837	24,263
Accrued payrolls, taxes and sundry expenses	897,616	905,335
Amount payable to retirement fund		104,000
Provision for taxes on income, less U.S. Treasury Notes Series "C" and "D," $321,600 and $1,600,000—1949 and 1948 respectively	1,264,100	98,557
	2,694,871	1,847,178
3⅛% Funded Indebtedness—payable in installments from March 1, 1951 to March 1, 1963 (maximum annual installment $700,000)	7,472,048	7,472,048
Reserves for contingencies and partial self-insurance	219, 363	220,459
Capital Stock and Surplus—restricted except as to $3,443,974—1949:		
Capital Stock:		
$3.50 cumulative preference stock without par value, at stated and liquidating value of $100 per share. Authorized 50,000 shares; outstanding 46,582 shares in 1949, and (less 630 shares in treasury) 47,192 shares, in 1948, callable at $106 per share to June 15, 1952, with successive reductions to $104 after June 15, 1954	4,658,200	4,719,200
Preferred stock without par value, at stated and liquidating value of $5 per share. Authorized and outstanding 99,260 shares, callable at $7.50 per share; 40c per annum cumulative dividends payable on January 1 and July 1 (paid to July 2, 1949)	496,300	496,300
Common stock, par value $1 per share. Authorized 1,200,000 shares; outstanding (less 1,732 and 2,009 shares in treasury) 705,409 and 705,132 shares, 1949 and 1948 respectively	705,409	705,132
Surplus:		
Earned Surplus	7,905,327	7,456,469
Paid-in Surplus	6,390,415	6,372,873
Total Capital Stock and Surplus	20,155,651	19.749 974
	$30,541,933	29.289.659

and LOSS • STATEMENT of SURPLUS

AND SUBSIDIARIES CONSOLIDATED

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

For the years Ended October 31, 1949 and 1948

	Year ended October 31	
	1949	1948
Sales, less returns and allowances	$77,694,162	78,682,563
Less-discount on sales	859.829	727,971
	76,834,333	77,954,592
Other charges (net)	27.982	(63,488)
	76,806,351	78,018,080
Cost of sales	59,687,645	60,984,048
Selling, general and administrative expenses, and provision for bad debts	12, 847,534	12,391,157
Contributions to employees' retirement fund	100,000	200,000
Interest $233,793, and $157,552, 1949 and 1948 respectively, and discount and expense on funded indebtedness	233,793	258,424
Provision for taxes on income	1,521.000	1,544,689
	74,389.972	75,378,318
NET PROFIT FOR YEAR	$2,416,379	2,639,762
Depreciation and amortization of plant, equipment, and improvements and lasts, dies, and patterns charged to operations	$1,016,788	1,146,767

STATEMENT OF CONSOLIDATED SURPLUS

Earned Surplus		
Amount at beginning of year	$7,456,469	6,786,907
Net profit for the year	2,416,379	2,639,762
	9,872,848	9,426,669
DEDUCT—DIVIDENDS DECLARED ON:		
$3.50 cumulative preference stock—Paid to October 31, 1949	164,424	167,885
Preferred stock—40c per share. Paid to July 2, 1949	39,704	39,704
Common stock—$2.50 per share	1,763,393	1,762,611
	1,967,521	1,970,200
Amount at end of year	$7,905,327	7,456,469
Paid-in Surplus		
Amount at beginning of year	$6,372,873	6,337,529
EXCESS OF:		
Stated value over cost of $3.50 cumulative preference stock purchased	10,548	29,616
Issuing price over par value of common treasury stock issued	6,994	5,728
Amount at end of year	$6,390,415	6,372,873

ACCOUNTANTS' REPORT

To the Board of Directors,
General Shoe Corporation,
Nashville, Tennessee.

We have examined the consolidated balance sheet of General Shoe Corporation and its consolidated subsidiaries as of October 31, 1949 and the related statements of consolidated profit and loss and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances.

The companies operate at various locations under long-term leases, the major portion of which expire successively to 1959. Rentals paid during the year amounted to approximately $1,400,000.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated profit and loss and surplus with the foregoing explanation present fairly the financial position of General Shoe Corporation and its consolidated subsidiaries at October 31, 1949, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

November 24, 1949 Peat, Marwick, Mitchell & Co.

COMPARISON ON OPERATIONS 1925–1949

	Total Volume of Business	Net Sales Less Inter-Branch Business	Income Taxes	Net Earnings	Earnings Reinvested in Business Development	Depreciation and Amortization	Per Cent of Net Earnings to Net Sales
1925	$ 1,131,037	$ 1,131,037	$ 5,462	$ 54,451	$ 34,451	$ 26,896	4.81
1926	1,882,534	1,882,534	13,381	85,740	57,739	10,275	4.55
1927	2,540,842	2,540,842	19,568	125,273	85,272	17,016	4.93
1928	2,724,904	2,724,904	16,449	119,614	119,614	15,815	4.39
1929	4,107,370	4,107,370	32,828	239,607	227,606	31,712	5.83
1930	5,018,690	5,018,690	36,417	264,645	224,644	49,583	5.27
1931	5,662,890	5,662,890	36,845	250,856	210,855	72,608	4.43
1932	4,202,111	4,202,111	11,269	48,623	28,622	70,498	1.16
1933	5,537,456	5,537,456	29,803	163,273	123,273	76,008	2.95
1934	5,744,448	5,744,448	24,935	151,905	99,843	103,594	2.64
1935	6,744,990	6,517,911	90,188	464,880	377,756	94,572	7.13
1936	10,879,874	10,080,380	130,380	659,153	501,344	102,808	6.54
1937	15,479,403	14,039,436	242,000	758,252	207,340	149,273	5.40
1938	15,039,954	13,257,663	99,200	647,670	203,673	188,627	4.89
1939	18,252,215	16,581,537	215,500	927,194	266,137	217,986	5.59
1940	20,063,446	17,462,084	159,300	752,317	84,337	267,263	4.31
1941	28,703,862	23,729,198	509,700	1,064,151	460,270	326,508	4.48
1942	39,949,226	33,738,749	2,148,400	1,023,373	356,614	561,695	3.03
1943	48,990,794	40,886,381	2,936,700	1,229,136	562,039	308,735	3.01
1944	53,474,786	44,716,808	3,002,650	1,007,411	340,315	348,333	2.25
1945	61,122,583	51,177,677	3,174,200	1,110,749	443,654	401,921	2.17
1946	75,367,861	61,570,854	2,207,123	2,755,372	1,560,922	547,675	4.51
1947	97,248,511	78,142,458	1,937,792	2,566,500	593,235	883,900	3.28
1948	99,580,268	78,682,562	1,544,689	2,639,762	669,562	1,146,767	3.35
1949	96,066,589	77,694,162	1,521,000	2,416,379	448,858	1,016,788	3.11

FINANCIAL COMPARISON 1925 – 1949

	Current Assets	Current Liabilities	Net Working Capital	Net Worth	Current Ratio
1925	$ 274,936	$ 111,327	$ 163,609	$ 191,443	2 47 to 1
1926	339,561	105,933	233,628	259,264	3.20 to 1
1927	585,700	264,549	321,151	355,244	2.21 to 1
1928	433,564	162,712	270.852	474,505	2.66 to 1
1929	625,879	131,042	494,837	764,562	4.78 to 1
1930	814,428	174,342	640,086	1,029,979	4.67 to 1
1931	977,067	208,630	768,437	1,310,701	4.68 to 1
1932	958,143	158,732	799,411	1,343,400	6.04 to 1
1933	1,238,088	322,586	915,502	1,472,910	3.84 to 1
1934	1,247,194	207,645	1,039,549	1,587,770	6.01 to 1
1935	1,963,890	304,015	1,659,875	2,207,437	6.46 to 1
1936	3,252,919	510,118	2,742,801	3,601,517	6.38 to 1
1937	4,040,728	566,670	3,474,058	4,523,945	7.13 to 1
1938	4,288,272	466,905	3,821,367	4,887,024	9.18 to 1
1939	6,468,624	510,000	5,958,624	7,154,253	12.68 to 1
1940	6,592,176	450,691	6,141,485	7,243,137	14.63 to 1
1941	7,380,109	880,885	6,499,224	7,693,942	8.38 to 1
1942	10,281,900	876,851	9,405,049	8,054,660	11.73 to 1
1943	10,654,807	973,238	9,681,569	8,618,858	10.95 to 1
1944	10,570,155	1,073,386	9,496,769	8,939,322	9.85 to 1
1945	14,363,699	1,485,880	12,877,819	9,382,976	9.67 to 1
1946	17,723,628	1,309,947	16,413,681	18,692,768	13.53 to 1
1947	18,146,404	2,143,718	16,002,686	19,225,654	8.46 to 1
1948	24,580,470	1,847,178	22,733,292	19,749,974	13.31 to 1
1949	25,413,805	2,694,871	22,718,934	20,155,651	9.43 to 1

TEN YEAR RECORD of General Shoe Common Stock

	Earnings Per Share for Year	Year's Dividend	Book Value Per Share	Paid to Stockholders	Year's Price Range	Number Stockholders
1940	$1.14	$1.00	$10.75	$ 628,275	$15 3/8—10	2,738
1941	1.63	0.90	11.49	564,176	11 1/2— 8 1/8	2,768
1942	1.57	1.00	12.05	627,054	10 — 8 1/4	2,857
1943	1.90	1.00	12.95	627,393	15 1/8— 9 7/8	3,207
1944	1.54	1.00	13.46	627,391	19 3/4—14 5/8	3,254
1945	1.71	1.00	14.16	627,391	31 —19	3,364
1946	3.76	1.60	18.74	1,088,496	47 —29	3,696
1947	3.34	2.50	19.62	1,762,059	36 7/8—26	3,982
1948	3.45	2.50	20.61	1,762,611	31 1/2—25	4,201
1949	3.14	2.50	21.27	1,763,393	30 1/4—24	4,380

FINANCIAL GROWTH, YEARS 1925-1949

	As of October 31		*December 31*
	1949	*1939*	*1925*
Source of Capital			
Capital Stock and Paid in Surplus	$12,250,324	$4,768,737	$156,992
Cumulative earnings reinvested in business	7,905,327	2,385,516	34,451
Proceeds from long term loans	7,472,048	.....	.....
Special and contingent reserves	219,363	134,582	1,192
Total	$27,847,062	$7,288,835	$192,635
Use of Capital			
Working Capital	$22,718,934	$5,958,624	$163,609
Plant, Equipment and Improvements—Less Depreciation	3,897,316	1,166,491	28,780
Sundry Assets	1,230,811	163,719	246
Goodwill, Patents, Trademarks	1	1	.....
	$27,847,062	$7,288,835	$192,635

"NAME STORES" Across

America Handle General Shoe Lines

MANUFACTURING P
of the
General Shoe Corpo

1

2

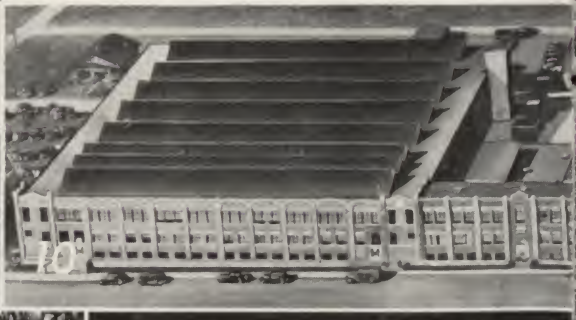
3

4

5

6

7


8

9

1. **ATLANTA, GA.,** plant in which we now make shoes for boys.

2. **TULLAHOMA, TENN.** Men's shoes are made here. Tullahoma has two General Shoe plants.

3. **HOHENWALD, TENN.** Shoes for boys and girls come from here.

4. **WAYNESBORO, TENN.** Men's dress shoe plant.

5. **COWAN, TENN.** Our Fortunet casual shoes for women, winners of the 1948-1949 Fashion Academy Award for distinguished design, are made here.

6. **NASHVILLE, TENN.** Eighty per cent of our soles are cut here—Southern Sole Company.

7. **HUNTSVILLE, ALA.,** plant in which men's work shoes are made.

8. **McMINNVILLE, TENN.** Shoes for women, and also for children, are made here.

9. **CENTERVILLE, TENN.,** plant for children's shoes.

10. **NASHVILLE, TENN.** In 1928 this became our "headquarters manufacturing plant." With 400,000 square feet, it manufactures principally Jarman shoes for men, our best-known brand.

11. **PULASKI, TENN.,** another of our seven men's shoe manufacturing plants.

LANTS

ration

12. **WHITEHALL, MICH.** This is our upper leather tannery which turns out 600 hides of tanned leather each day.

13. **CARROLLTON, GA.,** where we make children's shoes.

14. **LIMA, PERU.** Our plant in Lima produces shoes for men, women and children.

15. **MEXICO CITY, MEXICO,** the home of our Eclipse plant, making men's and women's shoes.

16. **LEWISBURG, TENN.,** men's plant.

17. **NASHVILLE, TENN.** Our General Products Company plant for making window displays, fixtures, steel shanks, etc.

18. **NASHVILLE, TENN.** Our General Wax Company makes chemicals and finishes for the wholesale shoe trade here.

19. **GALLATIN, TENN.** One of two plants located here for men's shoes.

20. **LAWRENCEVILLE, GA.** Women's and children's shoes are made here.

21. **GALLATIN, TENN.,** men's shoe plant.

22. **FRANKFORT, KY.** Women's shoes are made here.

23. **NASHVILLE, TENN.** Ladies' handbags, men's wallets and other leather items come from this Dominion Leathercrafters plant. These buildings were the pioneer plant of the Jarman Shoe Company, our original name. Operations started on August 5, 1924.

GENERAL SHOE RETAIL DIVISION

Operating Over 125 Company-Owned Stores From Coast to Coast

This is one of the most successful divisions of our company, operating retail shoe stores throughout the country.

The fiscal year has seen a growth of 40 per cent in the number of these stores actually in operation or under lease for early openings. The program calls for continued expansion.

Our stores that handle men's shoes are Jarman, Flagg Bros., and Hardy. Holiday stores carry women's shoes.

Sixty-three of these 134 stores are Flagg Bros., 41 Hardy, 18 Jarman and 12 Holiday.

Flagg Bros., shoes feature smartly styled, rugged shoes at medium prices. Hardy stores sell styles at one low price. Jarman stores feature our leading brand of men's dress shoes. Holiday stores carry fine women's shoes styled for the medium-priced field.

DIRECTORS OF GENERAL RETAIL CORPORATION. Clockwise: P. C. Runyon, E. C. Jones, G. O. Petway, F. M. Weisiger, vice-president; J. R. McCollum, executive vice-president; W. M. Blackie, president; Maxey Jarman, chairman; W. A. Givan, secretary; J. B. Long and B. P. Weisiger, vice-president.

A detailed location of these stores is shown on the opposite page. This suggestion came directly from stockholders who wrote that many of them would like to become familiar with our products. You will note that our heaviest concentration of these stores is in the East. We are well represented in New York and Chicago, but in addition we cover a representative part of the country at large. The exterior and interior views are typical of the smart, modern stores which we operate in more than 100 different locations.

A typical company-owned Jarman store.

All our Jarman stores are modern, well-appointed like this one.

A spectacular Hardy store-front.

Flagg Bros., windows are always among the best.

LOCATION

of Company Operated Stores

Jarman SHOES FOR MEN — 18 Stores

Nashville	1	Memphis	1	Long Beach, Cal.	1	Tulsa	1
Atlanta	1	Milwaukee	1	St. Louis	1	Cleveland	1
Dallas	1	Chicago	3	Los Angeles	1	*Columbus, O.	1
Birmingham	1	Louisville	1	Cincinnati	1	*Philadelphia	1

Flagg Bros. — 63 Stores

Nashville	1	Philadelphia	1	Hartford	1	Tulsa	1
St. Louis	1	Newark	2	Boston	2	Reading, Pa.	1
Louisville	1	Columbus, O.	1	Chicago	2	St. Paul	1
Detroit	4	Dallas	1	Milwaukee	1	Trenton, N. J.	1
Rochester	1	Birmingham	1	Jamaica, N. Y.	1	Long Beach, Cal.	1
Upper Darby, Pa.	1	Jersey City	1	Wilkes Barre, Pa.	1	Huntington Park, Cal.	1
Memphis	1	Buffalo	1	Kansas City	1	Houston	1
Brooklyn	2	Washington	2	Los Angeles	2	Grand Rapids	1
Toledo	1	Syracuse	1	Philadelphia	1	Salt Lake City	1
Cleveland	1	Cincinnati	1	Minneapolis	1	*Akron, O.	1
Baltimore	1	Patterson, N. J.	1	Dayton, O.	1	*Elizabeth, N. J.	1
New York	6	Harrisburg, Pa.	1	Pittsburgh	1	*Passaic, N. J.	1
						*Indianapolis	1

HARDY — 41 Stores

Nashville	1	Louisville	1	Akron, O.	1	Richmond	1
Dallas	3	St. Louis	2	Knoxville	1	*Jackson, Miss.	1
Chattanooga	1	Memphis	1	Houston	1	*Fort Worth	1
Detroit	4	Mobile	1	New Orleans	1	Pittsburgh	1
Evansville	1	Atlanta	2	Cleveland	1	*Highland Park, Mich.	1
Little Rock	1	Dayton, O.	1	Baltimore	1	*Los Angeles	1
Cincinnati	1	Fort Wayne, Ind.	1	Minneapolis	1	*Savannah, Ga.	1
Birmingham	1	Shreveport	1	Chicago	1	*Norfolk	1
				Philadelphia	2		

Holiday — 12 Stores

Nashville	1	Chattanooga	1	Columbus, O.	1	*Fort Worth	1
Birmingham	1	Dayton, O.	1	Oklahoma City	1	Cincinnati	1
Kansas City	1	Jacksonville	1	Louisville	1	*Dallas	1

*Leased. To open soon.

One of our several very smart Holliday (women's) shoe stores.

Fashionable interior of a typical Holiday store.

SHOES *and People*

Our 25th Anniversary

General Shoe Corporation became 25 years of age during 1949. Our first quarter century of progress was observed mainly by planning for the years ahead. We did look back, with grateful hearts, to thank hundreds of our shoe retailers, suppliers and other friends for the parts they have played in the success which we have enjoyed.

Especially were we grateful for the fine letters written us by 100 Jarman dealers who were our customers during that founding year, and who still are; and for the many other messages of friendship that came from others around the world.

Through management meetings and other means of communication, all 10,000 of our family came together in a grateful realization of the blessings we have shared during these first 25 years together. Likewise, we have spent 1949 strengthening our foundations and perfecting our plans for better service to customers, employees, stockholders and the general public during the years that are ahead.

Measuring Our Growth

August 5, 1924, was an important day in the Jarman Shoe Company. The first retail dealer had given us his order for a small shipment of Jarman shoes. In August, 1949, 25 years later, 25,419 pins were required to spot that many dealers who now sell our shoes.

There were 120 employees when the first plant opened that day in 1924. They made 240 pairs of men's shoes. At this close of our first quarter century of progress, we have nearly 10,000 employees who during the year produced over 15 million pairs, for men, women and children of every state in the union and many foreign countries.

In 1933 the name of the company was changed from Jarman Shoe Company to General Shoe Corporation so that additional sales divisions could be added without confusion. These divisions are:

Jarman Shoe Company	Barrett Shoe Co.
Richland-Davidson Shoe Co.	Fortunet Shoe Co.
Dominion Shoe Co.	Bellwood Shoe Co.
Statler Shoe Co.	Acrobat Shoe Co.
Cedar-Crest Shoe Co.	Storybook Shoe Co.
Edgewood Shoe Co.	Family Shoe Supply Co.

We have built our sales distribution on the principal of complete separation for each of these twelve divisions. That is, each has its own sales manager and each its own sales force. Each operates as an independent sales company.

National Advertising

General Shoe brands are advertised into millions of American homes through the best publications in the national advertising field. Based on records of the past two years, our Jarman national magazine advertising leads the entire men's shoe field in volume. It runs in *Life*, *Esquire* and the *Post*. Our Fortune shoes, also for men, use *Colliers* and *Sport*. *Esquire* and *Look* are used for our Cadillac men's shoes, while *Successful Farming* features Cedar-Crest work shoes. The later also has a Southern radio show.

You will find our women's shoe advertising in the leading magazines: *Vogue* and *Harper's* featuring our Fortunet, Valentine and Twenty-One shoes, and our Friendly 'Teen shoes in the magazine, *Seventeen*.

Parents magazine carries our Acrobat children's shoe advertising. Another line of children's shoes, Storybook, is advertised through *Parents* magazine and the *Ladies Home Journal.*

Much additional advertising is gotten through tie-ups with thousands of dealers, in newspapers, window displays and by radio.

General Shoe Corporation manufactures shoes for some of the country's biggest chain stores and mail order houses. We make up most of these to the customer's own specifications and they are retailed under the customer's own brand names.

Plants Making Our Shoes

There are 19 plants in four Southern states that make the shoes which we have referred to, and which are pictured on Pages 16 and 17 of this report.

9 MEN'S SHOE PLANTS
Nashville, Tenn.
Gallatin, Tenn. (2)
Tullahoma, Tenn. (2)
Pulaski, Tenn.
Lewisburg, Tenn.
Waynesboro, Tenn.
Atlanta, Ga.

4 CHILDREN'S SHOE PLANTS
Hohenwald, Tenn.
Centerville, Tenn.
Camden, Tenn.
Carrollton, Ga.

6 WOMEN'S SHOE PLANTS
Frankfort, Ky.
Danville, Ky.
Lawrenceville, Ga.
McMinnville, Tenn.
Cowan, Tenn.
Nashville, Tenn.

LADIES' BAGS
Nashville, Tenn.

Price Brackets of Our Shoes

The 15,070,083 pairs of shoes produced by us last year were about two-thirds men's shoes, one-fourth women's shoes, the remainder children's.

Most of our men's shoes are in the middle and volume price brackets. These include boys' and men's dress shoes, work shoes and work boots in many styles. We make hundreds of patterns in women's high style and medium style dress shoes, casuals, sports and walking oxfords for a medium price range.

There are scores of types and styles in our children's shoes, which retail in a wide price range.

Ladies' handbags, men's wallets and small leather-goods items are made in our Dominion Leathercrafters plant in Nashville.

Still another division, our General Products Company, produces modern display cases and fixtures for our 100-plus retail shoe stores and for many other clients.

A Tannery and a Sole Cutting Plant

Through our Supply Division, we operate one of America's most modern sole cutting plants, an upper leather tannery, a box manufacturing plant and a wax and chemical plant.

The sole cutting plant is in Nashville. It produces most of the leather soles that go into our shoes. The tannery is in Michigan and it tans about 600 hides per day. We make most of our own shoe boxes, through our Capitol Container Company.

SHOES FOR THE WHOLE FAMILY. These are featured in stores being set up by our new Friendly Stores Division, a plan featuring dealers who sell our brands exclusively.

Waxes and chemicals for our own and other shoe plants are manufactured by our General Wax Industries.

Plants Outside United States

For eight years we have been making men's and women's shoes in Mexico City. We now have four years of experience in men's, women's and children's shoes in Lima, Peru. Also we operate four modern retail stores there.

Our Products Around the Globe

We sell shoes in South Africa, Central America, Mexico, Canada, and the West Indies, the Philippines, the U. S. A. territories and possessions.

In turn we import for resale leather goods, footwear and other merchandise. World conditions have been very restricting on the export-import business, but we have gotten a satisfactory share of this business in spite of such difficulties. These world-wide operations are conducted by our General Shoe Intercontinental Company.

General Shoe Stockholders

A detailed analysis of our common stockholders, made just before the end of this fiscal year, showed that 34¾ per cent of our 4,380 stockholders live in Tennessee; 13-2/3 per cent in Missouri and 10½ per cent in New York. The remainder live in all states of the nation except Montana and Idaho.

Fifty-two per cent of our stockholders are men; 35-1/3 per cent are women; nearly 9 per cent are joint owners, and 3½ per cent are institutions. As to number, the growth has increased steadily each year.

DEALER CLINICS keep our sales division and our stylists informed up to the minute in what men, women and children want in shoes.

FOR DISTINCTION IN DESIGN our Fortunet shoes received the Fashion Academy's 1948-49 award. Chairman Maxey Jarman (at right) is shown receiving the award at a luncheon in New York, attended by some of the country's top fashion authorities.

The analysis shows that 1234 of our stockholders own 25 or less shares, and another 2010 own from 26 to 100 shares, which means that 77 per cent of our stockholders own 100 shares or less. Nineteen per cent of stockholders own from 101 to 500 shares; 1.64 per cent from 501 to 1,000 shares, and 2.02 per cent own over 1,000 shares. No person owns as much as 5 per cent of our outstanding common stock.

An increasing number of our employees became stockholders during the year through a company purchase plan. Company officers and directors are all substantial holders.

At the end of our fiscal year, October 31, we distributed our 69th consecutive dividend to common stockholders.

Relations in Our Communities

The General Shoe organization from top to bottom is sold on the importance of so conducting itself that good community and public relations will result. Wherever they are, General Shoe people are energetic participants in the life of the community. Our Public Relations Department specializes in this field—but of *greater* importance, so do our 10,000 employees.

MAKING A SALESMAN OUT OF HIM. This sales trainee attempts the final hurdle of a vigorous training school: selling his own sales-manager a pair of shoes. Such training is continuous in our company.

Employee Relations

This has been another year of outstanding activity in building to strengthen these relations. For several years our employees, through our close and harmonious working relationships, have had such benefits as six paid holidays, paid vacations, a pension program, life insurance plans, hospitalization plans, saving through commissaries, etc. Our employees' wages compare favorably with those of the entire shoe industry.

Planned opportunities for assuming places of leadership in the company are perhaps of even greater importance in relation to such benefits. Men from the ranks are constantly being placed under observation and then in training to become supervisors. An analysis of its 700 supervisors-executives is evidence that General Shoe is a place where men with ambition and determination have ample room to succeed.

Our Industrial Relations Department provides a continuous training program for all supervisors. Production, administration, finance, human relations, all phases of business life are embraced in the series of required courses.

During this year every supervisor of our company, starting with the chairman, the president and the directors of our company, began enrolling in a "More Results Method" course of personal salesmanship. The object: to teach every General Shoe man that whether selling himself or an idea or the products of his company, the method surest of success is that of emphasizing benefits for the person being addressed. It has been an intensive year of making our entire organization sales-minded.

One group of special trainees is under constant instruction in preparation for careers of responsibility in the company. "New blood" is constantly being pumped into our sales divisions from graduates of our sales training courses. This year we formed a Sales Development Council composed of key men in all principal selling divisions of the company, to provide a better understanding of sales problems and opportunities among all departments, and to give General Shoe the benefit of the concentrated thinking and planning of these key people.

General Shoe employee relations policies and procedures are geared to the principle of constantly seeking to intelligently interpret employee thinking as a sound approach to harmonious relationships and the best results for employee and company alike.

Growth has brought its changes during our first quarter century of progress, but our pattern of employee relationships has not changed from August of 1924 when our founder called 120 young men and women around him and announced that the Golden Rule would be the basic measurement of our daily relations with each other and with our customers.

ALERT DEALER RELATIONS. General Shoe's special Dealer Relations Department turned out top company executives to meet this group of dealer representatives who were touring the country.

Good *Community* Relations

CALLING ON THE GOVERNOR (Gordon Browning of Tennessee, second from left) are these members of our Employee Advisory Committee to present him with a pair of shoes made especially for him in honor of his election.

BLOOD DONORS FOR THE RED CROSS. General Shoe employees in all plants set a high mark in their giving. First to donate were Chairman Jarman, President Boyd.

YELLOW ROSES FOR AN ANNIVERSARY. When a merchant in one of our plant communities announced his 50th anniversary, our Employee Advisory Committee went calling with best wishes from us on our own 25th anniversary.

MEET THE

FORWARD, BROOM BRIGADE. This squadon celebrates winning the "Cleanest Department" award by marching throughout the plant and rubbing it in a bit on the losers.

GOOD PAY FOR A GOOD IDEA. Both parties seem well satisfied as Chairman Maxey Jarman presents a check to a General Shoe man for an idea that resulted in improving one shoemaking process.

GENERAL SHOE CAPITALIST. Increasing numbers of both our rated employees and our supervisors-executives are becoming owners of our company through investment in our common stock.

FAMILY

Good *Employee* Relations

SILVER ANNIVERSARY PRESENTATION. During our 25th year we presented engraved silver trays to each employee who during 1949 bought or built his first new home.

A JUNIOR GENERALS' JAMBOREE. General Shoe families provide a wealth of talent for radio shows and other entertainment, in all our communities.

HIGH SCHOOL STANDARDS are the qualifications set up in our personnel work. These are typical young women who make shoes in our plants.

ABOUT HALF AND HALF. That's the percentage of our men and women employees, of whom there are nearly 10,000 in Tennessee, Kentucky, Georgia, Alabama and Michigan.

A TWIN BANK ACCOUNT. General Shoe makes a capitalist of every infant born into the General family, with a savings account. This one was compounded. At right, President Henry Boyd helps launch the basketball season for our top-flight girls' team. General Shoe is a sports organization.

Directors of General Shoe

Some of them helped found the Company; Nearly all have devoted a life-time to building it.

VICE-PRESIDENT WILLIAM M. BLACKIE is also president of our General Retail Corporation, which operates more than 100 retail stores selling our men's and women's shoes. He has been with General Shoe for 21 of its 25 years and has been assistant secretary, secretary and treasurer, and vice-president. He is a native Nashvillian and a graduate of the Vanderbilt University school of engineering.

PRESIDENT HENRY W. BOYD, JR., was elected to that position in 1947 after having served as assistant secretary, secretary and treasurer and vice-president and treasurer. He served an office apprenticeship after graduating from Cornell University with a degree in mechanical engineering. He has been with General Shoe for 18 years, and as president has executive direction of manufacturing and sales. He is a native Chicagoan.

J. R. BRADEN, director of our Central Design Department, has had 16 years of General Shoe experience since graduating from Vanderbilt University. This has included experience in branch management, style direction and sales management. Design for all our men's, women's and children's shoes is the responsibility of his department. He was born in Nashville.

VICE-PRESIDENT E. T. BUMPOUS is director of our Jarman Branch (men's shoe sales division). He joined General Shoe in 1929. and is one of the veteran sales executives of the men's shoe business. He has been salesman, stylist, sales manager and advertising executive. A Nashvillian, he attended the University of Texas and was an officer-pilot during World War I.

CANDLER W. BUTLER is consultant to our Sales Distribution Branch. He was vice-president of the J. K. Orr Shoe Company in Atlanta when we purchased it in 1936, and since then has been one of our top sales and administrative executives in our women's and juveniles' divisions. A native Georgian, he was trained in New England shoe plants.

ASSISTANT VICE-PRESIDENT H. NELSON CARMICHAEL, 13 years with General Shoe, started as clerk in the cost department. In succession he has been a supervisor of cost auditing, assistant secretary and assistant vice president. He is our director of manufacturing. A native Mississippian, he attended Bowling Green (Ky.) Business University.

VICE-PRESIDENT AND TREASURER NOBLE C. CAUDILL's 16 years with General Shoe have been spent as clerk in the Purchasing Department, as a buyer and assistant secretary and as vice-president before being elevated to his present position in 1947. He and his department buy all the raw materials and supplies used by our company. He had nine years' banking experience before coming with us. He was born in Kentucky, attended Bowling Green University.

ASSISTANT VICE-PRESIDENT CHARLES W. COOK has been a part of the General Shoe organization for more than 19 years. He gained experience through the tabulating, shipping, customer service and advertising departments, as assistant secretary, office manager and assistant vice-president. His department embraces customer service, credits and collections, shipping, bookkeeping and production planning. He was graduated in law from Vanderbilt University, and is a native Nashvillian.

CHAIRMAN MAXEY JARMAN, our chief executive, began his 25 years of service in 1924, when his father founded this company. After attending Massachusetts Institute of Technology, he started at the bottom of our company and earned a lengthy series of promotions to the top. His experience includes every phase of the shoe business. In 1947, he became Chairman of the Corporation after having been president for 15 years. He is a native of Nashville.

GENERAL MANAGER J. H. LAWSON is director of our General Manufacturing Staff. He was associated with the late Mr. J. F. Jarman in founding our company in 1924, after 17 years of earlier experience with other shoe manufacturers. During his long experience, he has been a top figure in all our shoe manufacturing. He is a native of St. Louis.

J. R. McCOLLUM was elected to our board of directors in March of this year after 14 years of service with the company. He is executive vice president of General Retail Corporation, a division of our company that operates more than 100 retail shoe stores known as Jarman, Flagg Bros., Hardy and Holiday. His entire service has been spent in the retail store division of our business.

VICE-PRESIDENT GEORGE W. NOLAND is in charge of creating and developing a new sales division of our company known as the Family Shoe Supply Company. Experienced in sales management-administration, he joined General Shoe in 1932, served several years with our sales forces and was elected a vice-president. He was an Army Air Force colonel in World War II, serving for five years. He attended the University of Tennessee.

BERNARD E. REED, a general superintendent in our Manufacturing Division, was elected to the board of directors during his twenty-fifth year of service with the company. He was one of that small group of pioneers who helped get the company off to its start in 1924. He is a manufacturing specialist, having spent his entire service in that field.

VICE-PRESIDENT AND SECRETARY J. P. SAUNDERS started 19 years ago as a clerk in the Purchasing Department, gained further experience in the Cost Department and went on to become an assistant vice-president and then vice-president and secretary. He is director of our Supply Division and director in charge of General Shoe Intercontinental Company, our foreign division. He was born in Nashville and attended Vanderbilt University.

ASSISTANT VICE-PRESIDENT ANDERSON SPICKARD was one of three younger officials of the company who were elected members of the Board of Directors during the past year. He heads up our Industrial Relations Department and also has had considerable experience in office management, credit work and general administration. He is a graduate of Vanderbilt University and has been with General Shoe for 16 years.

VICE-PRESIDENT HOUGHTON D. VAUGHN is manager of our Dominion Branch, which sells to volume buyers. He has been a retail store manager, sales correspondent, credit manager, salesman, style director, and now branch manager. (Dominion Distribution group.) He is another native Nashvillian. He is an alumnus of the University of Alabama, where he studied mechanical engineering.

EXECUTIVE VICE-PRESIDENT WILLIAM H. WEMYSS was a partner and a co-founder of our company. He has devoted his entire life to the shoe business, having had a wide experience in this field before he helped found our company in 1924. As a sales and manufacturing executive, he is known to buyers throughout America. Dominion Shoe Company and Dominion Leathercrafters, both branches of General Shoe, are among his chief interests. He is a native Tennessean.

VICE-PRESIDENT MATT S. WIGGINTON is our Director of Sales Administration. In 1943 he joined General Shoe as an experienced sales executive, and since then has been a key figure in the distribution end of our men's, women's and children's shoe divisions. He has lived in Nashville since early childhood, and was graduated from Vanderbilt University.

CONTROLLER O. C. WILLIAMS came to General Shoe as auditor on February 1, 1934, and held that position until 1947 when he was made controller. Born a Tennessean, he was graduated from the University of Tennessee. He was well-known as a teacher of business administration before coming to our company. He has been a director of General Shoe since 1944.

GENERAL SHOE CORP. *Directors*

William M. Blackie	Candler W. Butler	W. Maxey Jarman	Bernard E. Reed	William H. Wemyss
Henry W. Boyd, Jr.	H. Nelson Carmichael	J. Harlan Lawson	James P. Saunders	Matt S. Wigginton
J. R. Braden	Noble C. Caudill	J. R. McCollum	W. Anderson Spickard	Otis C. Williams
Earle T. Bumpous	Charles W. Cook	George W. Noland	Houghton D. Vaughn	

GENERAL SHOE CORP. *Officers*

W. Maxey Jarman	*Chairman*
Henry W. Boyd, Jr.	*President*
William H. Wemyss	*Executive Vice-President*
J. Harlan Lawson	*General Manager*
William M. Blackie	*Vice-President*
Earle T. Bumpous	*Vice-President*
James P. Saunders	*Vice-President and Secretary*
Noble C. Caudill	*Vice-President and Treasurer*
George W. Noland	*Vice-President*
Matt S. Wigginton	*Vice-President*
Houghton D. Vaughn	*Vice-President*
Otis C. Williams	*Controller*
Charles W. Cook	*Assistant Vice-President*
W. Anderson Spickard	*Assistant Vice-President*
H. Nelson Carmichael	*Assistant Vice-President*
Charles R. Murphy	*Assistant Vice-President*
C. W. Butler, Jr.	*Assistant Vice-President*
E. DeVaughn Woods	*Assistant Controller*
James W. Byron	*Assistant Treasurer*
T. Douglas Oxford	*Assistant Treasurer*
Carl E. Stephens	*Assistant Secretary*

Transfer Agents: **Guaranty Trust Company of New York, N. Y., and American National Bank, Nashville, Tenn.**
Registrars: **Chemical Bank and Trust Company, New York, N. Y., and the Nashville Trust Company, Nashville, Tenn.**

Annual Meeting of Stockholders: March 6, 1950.

FOR BEST 1948 ANNUAL REPORT

Shoe and Leather Industry

General Shoe annual reports for five of the past six years have been declared, by judges in the Financial World's nationwide contest, to be the best in the Shoe and Leather Industry. This bronze "Oscar" has gone with each award. **General Shoe does not produce annual reports just to win prizes, but to win stockholder and public support through a program of complete, accurate and attractive information about all phases of the company . . . the human side as well as the financial side.